

TENNESSEE REGULATORY AUTHORITY

Sara Kyle, Chairman
Lynn Greer, Director
Melvin Malone, Director



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

September 6, 2001

MEMORANDUM

To: Sharla Dillon
Dockets

From: Pat Murphy *PM*
Energy and Water Division

Subject: Request for Docket Number
Nashville Gas Company

Our division is currently auditing Nashville Gas Company's Incentive Plan Account for the year ended June 30, 2001. We, therefore, respectfully request that a docket number be assigned for this audit.

Upon assigning a docket number, please advise Betty Patton, so that appropriate files may be set up in our division. We appreciate your assistance in this matter.

cc: Dan McCormac

PM01-59

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August 28, 2001

Mr. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

RECEIVED
TN REG. AUTHORITY

AUG 30 2001

ENERGY & WATER DIVISION

Re: Nashville Gas Company, Docket No. 99-00207

Dear Mr. Waddell:

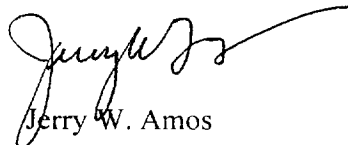
In accordance with the reporting provisions of Service Schedule No. 14, Performance Incentive Plan, as approved in the above captioned docket, Nashville Gas Company (the "Company") submits the accompanying annual report of shared gas cost savings for the period ended June 30, 2001.

As the summary indicates, the accumulated gains and savings under the plan for the plan year total \$2,785,665. Of this amount, \$1,375,465 have accrued to the Company's ratepayers. The remaining \$1,410,200 will be credited to the Company's Incentive Plan Account (IPA).

Detailed calculations supporting the amounts shown in the summary for the period July 2000 through April 2001 have previously been provided to the Tennessee Regulatory Authority Staff and the Consumer Advocate. Supporting calculations for May 2001 and June 2001 are provided in this filing subject to the execution of non-disclosure agreements. As permitting by the provisions of the approved tariff, the Company will file a rate adjustment on or about October 1, 2001, to amortize the collection of the June 30, 2001, IPA balance over the 12-month period beginning November 1, 2001, and ending October 31, 2002.

I am enclosing one additional copy of the summary that I would appreciate your stamping "filed" and returning to me in the enclosed envelope.

Sincerely,



Jerry W. Amos

Enclosures

c: Cynthia Kinser, Consumer Advocate
Daniel McCormac, Tennessee Regulatory Authority

Report on Nashville Incentive Plan July 2000 - June 2001

Month	Year	Gas Procurement Incentive Mechanism	Nashville GPI Sharing	Ratepayer GPI Sharing	Capacity Management Incentive Mechanism	Nashville CMI Sharing	Ratepayer CMI Sharing	Total	Total Nashville	Total Ratepayer
		Gain/(Loss) 1/	Gain/(Loss) 2/	Gain/(Loss)	Gain/(Loss)	Gain/(Loss) 3/	Gain/(Loss) 3/	Gain/(Loss)	Gain/(Loss)	Gain/(Loss)
July	2000	\$ (8,166)	\$ -	\$ (8,166)	\$ -	\$ -	\$ -	\$ (8,166)	\$ -	\$ (8,166)
August	2000	\$ 4,904	\$ -	\$ 4,904	\$ 16,473	\$ -	\$ 16,473	\$ 21,377	\$ -	\$ 21,377
September	2000	\$ (8,441)	\$ -	\$ (8,441)	\$ 15,374	\$ -	\$ 15,374	\$ 6,933	\$ -	\$ 6,933
October	2000	\$ (1,569)	\$ -	\$ (1,569)	\$ 125,000	\$ 6,158	\$ 118,842	\$ 123,431	\$ 6,158	\$ 117,273
November	2000	\$ 46,571	\$ -	\$ 46,571	\$ 69,551	\$ 12,335	\$ 57,216	\$ 116,121	\$ 12,335	\$ 103,787
December	2000	\$ 3,384	\$ -	\$ 3,384	\$ 3,100,000	\$ 1,535,149	\$ 1,564,851	\$ 3,103,384	\$ 1,535,149	\$ 1,568,235
January	2001	\$ (21,752)	\$ -	\$ (21,752)	\$ -	\$ -	\$ -	\$ (21,752)	\$ -	\$ (21,752)
February	2001	\$ (26,782)	\$ -	\$ (26,782)	\$ -	\$ -	\$ -	\$ (26,782)	\$ -	\$ (26,782)
March*	2001	\$ (143,941)	\$ (24,883)	\$ (119,058)	\$ 66,148	\$ 33,074	\$ 33,074	\$ (77,793)	\$ 8,191	\$ (85,984)
April*	2001	\$ (81,425)	\$ -	\$ (81,425)	\$ 5,264	\$ 2,632	\$ 2,632	\$ (76,161)	\$ 2,632	\$ (78,793)
May*	2001	\$ (314,251)	\$ (134,951)	\$ (179,300)	\$ -	\$ -	\$ -	\$ (314,251)	\$ (134,951)	\$ (179,300)
June*	2001	\$ (60,677)	\$ (19,314)	\$ (41,363)	\$ -	\$ -	\$ -	\$ (60,677)	\$ (19,314)	\$ (41,363)
		\$ (612,145)	\$ (179,148)	\$ (432,997)	\$ 3,397,810	\$ 1,589,348	\$ 1,808,462	\$ 2,785,665	\$ 1,410,200	\$ 1,375,465

* Purchased Options

1/ The monthly gain or loss set forth in this column reflects total gains or losses calculated under the gas procurement mechanism, including gains or losses within the one percent deadband.

2/ Nashville GPI sharing reflects 50% of gains or losses calculated under the gas procurement mechanism after application of the one percent monthly deadband.

3/ Nashville sharing percentages range from 0% (up to 1% of annual demand savings), to 10% (1% - 2% savings), to 25% (2% - 3% savings), and to 50% (> 3% savings). Total capacity demand costs for the period are based on estimated annual costs for the plan year. These sharing amounts shall be adjusted based on the actual demand costs incurred, taking into account refunds or surcharges from pipeline and storage supplies.
(See Service Schedule No. 14, page 5)